

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois-American Water Company,)	
American Water Works Company, Inc.,)	
Thames Water Aqua US Holdings, Inc., and)	
Thames Water Aqua Holdings GmbH)	
)	
Joint Application for Approval of Proposed)	Docket No. 06-0336
Reorganization and Change in Control)	
Of Illinois-American Water Company)	
Pursuant to Section 7-204 of the)	
Illinois Public Utilities Act)	

REBUTTAL TESTIMONY
OF WILLIAM GRAY
ON BEHALF OF THE CITY OF URBANA

OFFICIAL FILE
ICC

URBANA EXHIBIT 2.0

21 FEBRUARY 2007

URBANA EXH 2.0 + 2.01

EVIDENCE

06-0336

316107

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**VERIFIED REBUTTAL TESTIMONY
OF WILLIAM GRAY
ON BEHALF OF CITY OF URBANA, ILLINOIS**

6 Q. PLEASE STATE YOUR NAME AND EMPLOYER.

7 A. My name is William Gray. I am the Public Works Director for the City of
8 Urbana, Illinois. My business address is 706 S. Glover Ave. Urbana, IL 61802.

9 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

10 A. I am testifying on behalf of the City of Urbana Illinois.

11 Q. DID YOU PRESENT TESTIMONY EARLIER IN THIS DOCKET?

12 A. Yes. I filed direct testimony as Urbana Exhibit 1.0.

13 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

14 A. I am responding to various statements made by IAW witness Terry Gloriod in his
15 rebuttal testimony, IAWC Ex. 1.0R.

16 Q. DO YOU AGREE WITH MR. GLORIOD'S ASSESSMENT THAT YOUR
17 DIRECT TESTIMONY DID NOT RAISE ANY ISSUES RELATED TO
18 THE APPROVAL OF THE TRANSACTION IN THIS DOCKET?

19 A. I disagree with his assessment. The issues that I discussed in my direct testimony
20 all relate to the ability, or lack of ability, of IAW to provide adequate, reliable,
21 efficient, safe and least-cost public utility service. My initial testimony
22 demonstrated that IAW service declined when it was acquired by RWE. I
23 specifically noted that IAW is not adequately maintaining fire hydrants and has
24 failed to keep the City informed of its capital improvement plans to provide

25 adequate service in the future. The fact that IAW fails the required statutory
26 criteria today is relevant to the considerations in this Docket.

27 Q. MR. GLORIOD STATES THAT YOUR CONCERNS ABOUT FIRE
28 HYDRANT MAINTENANCE IS UNFOUNDED. DO YOU AGREE WITH
29 HIS CONCLUSION?

30 A. Mr. Gloriod's testimony gives me no comfort. The City has a responsibility to its
31 residents that when the Fire Department responds to a fire call, there will be
32 adequate water supply to fight the fire. In one instance, as I stated in my direct
33 testimony, the Fire Department had to use a sledgehammer to open one fire
34 hydrant. Subsequently, the Fire Department conducted an inspection of 150 fire
35 hydrants. The purpose of the inspection was to observe the ability of removing
36 the caps, opening and closing the valves as well as the conditions of the gaskets.
37 The inspection found:

	<u>Number</u>	<u>Percentage</u>
39 Fire hydrants that failed to operate:	1	.006%
40 Fire hydrant caps with missing gaskets	16	16.0%
41 Fire hydrant caps with defective gaskets:	9	6.0%
42 Fire hydrants found leaking:	8	5.3%
43 Hydrants that sunk below min. height	7	4.6%

44 In other words, of the 150 hydrants inspected, 41 were found with some level of
45 disrepair or defectiveness resulting in a 27.3 per cent deficient rate. Urbana does
46 not believe that a failure rate this high is an indication of a public utility that is

47 providing adequate, reliable, efficient and safe service to the community. A copy
48 of the Fire Department report is attached as Urbana Exhibit 2.01. This report is
49 contrary to Mr. Gloriod's statement on page 27 that "there is no evidence of any
50 malfunctioning hydrants."

51 Not only is there a problem with fire hydrants not working, IAW refuses
52 to provide Urbana with any copy of the inspections that IAW contends it does
53 make. This means that it is entirely possible that IAW will know certain hydrants
54 are not working but the Fire Department does not know this life-threatening fact.
55 If one of the defective hydrants is needed in an emergency, vital time would be
56 lost while the Fire Department hooks up to the defective hydrant, then has to go in
57 search of a hydrant that does work.

58 Q. ON PAGE 30 OF HIS TESTIMONY, MR. GLORIOD STATES THAT IT
59 WILL BEGIN ANNUAL INSPECTION OF FIRE HYDRANTS AFTER A
60 FINAL ORDER IS ENTERED IN DOCKET 05-0681. DOES THAT SOLVE
61 THE ISSUES YOU RAISED?

62 A. No. Urbana was not a party to Docket No. 05-0681 and is not familiar with any
63 commitments IAW may have made in the case. IAW is required by both ICC
64 rules and regulations and the franchise agreement to inspect fire hydrants
65 annually. Saying that after a final order is entered in another docket that the
66 company will begin to comply with regulations it was required to comply with
67 anyway is meaningless. I notice in his testimony that Mr. Gloriod does not state
68 that he will provide the results of the fire hydrant inspections to Urbana. He

69 merely states that the franchise requires that the information be provided. Since
70 Urbana has not been receiving the reports even though the franchise is in effect,
71 Urbana can only interpret Mr. Gloriod's statement to mean that IAW will
72 continue to withhold the reports from the Urbana Fire Department.

73 **Q. MR. GLORIOD AT PAGE 28 STATES THAT IAW HAS BEEN "OPEN"**
74 **CONCERNING ITS PLANS FOR THE NEW WATER TREATMENT**
75 **PLANT. DO YOU AGREE WITH HIS STATEMENT?**

76 **A.** I have seen no indication of IAW being "open" about the new water treatment
77 plant. IAW has not provided Urbana with any of the specifications for the new
78 plant, the justifications for its construction. In fact, IAW has not even given
79 Urbana the location for the plant even though IAW recently issued a press release
80 giving the location of the facility. It was only through discovery in the boil order
81 case brought by the City of Champaign that Urbana learned that IAW in January
82 2007 was in the process of evaluating firms to design the plant.

83 **Q. MR. GLORIOD AT PAGE 29 STATES THERE ARE NO ONGOING**
84 **PROBLEMS RELATED TO PRESSURES IN THE CHAMPAIGN**
85 **DISTRICT OF WHICH URBANA IS A PART AND THEREFORE THERE**
86 **IS NO NEED TO PROVIDE INFORMATION ON MAINTENANCE OF**
87 **IAW'S SYSTEM TO URBANA. DO YOU AGREE?**

88 **A.** No. It is surprising to me that on one hand, Mr. Gloriod testifies that IAW wants
89 to be open with its customers and keep them informed but on the other hand when
90 the company is asked to provide verification of its claims, IAW refuses to do so. 1

91 believe it is imperative for the Commission to require IAW to set milestones for
92 the company and require IAW to provide information relating to the maintenance
93 of the system.

94 Q. MR. GLORIOD STATES AT PAGE 30 THAT SINCE THE FRANCHISE
95 AGREEMENT PROVIDES FOR EXCHANGE OF INFORMATION ON
96 CAPITAL IMPROVEMENTS FOR IAW, THE COMMISSION SHOULD
97 NOT ORDER THE COMPANY TO DO SO AS WELL. DO YOU AGREE?

98 A. Mr. Gloriod does reference the franchise but does not mention the fact that IAW
99 has not complied with the provision the company cites. Urbana has not received
100 information it has requested on IAW's capital improvements plan, so there is no
101 way that Urbana can verify whether the system is being adequately maintained.
102 As mentioned above, IAW has not provided even basic information concerning
103 the new water treatment plant. It is unwise public policy to let a public utility
104 withhold vital information from the municipality in which it operates and the
105 Commission should require as part of this docket that IAW fulfill its
106 commitments to provide information.

107

VERIFICATION

I, William Gray, certify that I am the Public Works Director for the City of Urbana, Illinois, that I am sponsoring Urbana Exhibit 2.0, that I have personal knowledge of the information stated in Urbana Exhibit 2.0 and that such information is true and correct to the best of my knowledge, information and belief.

William Gray
WILLIAM GRAY



Kathleen L. Frerichs
NOTARY PUBLIC

URBANA EXHIBIT 2.01



Urbana Fire Rescue Services

400 South Vine Street
Urbana, Illinois 61801
(217) 384-2420 - Phone
(217) 384-2449 - Fax

FINAL REPORT: UFRS – HYDRANT INSPECTION REPORT

DATE: September 15, 2006
TO: Laurel Lunt Prussing, Mayor
Bruce Walden, CAO
FROM: Rex Mundt, Fire Chief
CC: Jim Gitz, City Attorney, Urbana

REPORT FINDINGS:

Urbana Fire Rescue recently completed its first semi-annual fire hydrant inspections within the City. Over a three day period our fire companies canvassed their assigned fire districts inspecting 150 hydrants. The purpose of these inspections was to observe the ability of removing the caps, opening and closing the valves as well as the condition of the gaskets. In addition to these findings, they were to examine the position of the hydrants, and look for signs of damage or disrepair. Throughout the inspection process, Illinois American Water Company personnel were present. Listed below is a summary of the various deficiencies found during our inspection: (All findings were immediately noted to Illinois American personnel).

Total number of fire hydrants inspected:	150		
Number of fire hydrants that failed to operate:	1	.006%	failure
Number of fire hydrant caps found with missing gaskets:	16	16.0%	deficiency rate
Number of fire hydrant caps found w/defective gaskets:	9	6.0%	deficiency rate
Number of fire hydrants found leaking:	8	5.3%	deficiency rate
Number of fire hydrants found having sunken below minimum allowed height:	7	4.6%	deficiency rate

In conclusion, 150 hydrants were inspected, and 41 were found with some level of disrepair or defectiveness, resulting in a 27.3% deficiency rate. I am not forecasting this as a condition of the fire hydrants throughout the City of Urbana. Note: Illinois American Water Company on more than one occasion stated they had inspected and performed maintenance on all Urbana hydrants twice this year. I have requested a copy of these reports but my request was denied. Please contact my office if you have any questions, or prefer additional documentation.

Respectfully submitted:

Rex R. Mundt, Fire Chief